

# Senate Study Bill 1269

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON WARNSTADT)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the regulation of delayed deposit service  
2 businesses.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2326XC 83  
5 rn/nh/24

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1 1 Section 1. Section 533D.9, subsection 1, Code 2009, is  
2 amended to read as follows:  
3 1. A licensee shall not charge a fee in excess of ~~fifteen~~  
4 seven dollars and fifty cents on the first one hundred dollars  
5 on the face amount of a check or more than ~~ten~~ five dollars on  
6 subsequent one hundred dollar increments on the face amount of  
7 the check for services provided by the licensee, or pro rata  
8 for any portion of one hundred dollars face value.  
9 Sec. 2. Section 533D.9, subsection 2, Code 2009, is  
10 amended by adding the following new paragraph:  
11 NEW PARAGRAPH. e. That the licensee cannot initiate  
12 either civil court proceedings or arbitration to collect an  
13 unpaid check unless the licensee has provided the maker of the  
14 check the opportunity to repay the obligation, without any  
15 additional charges other than the fee and penalty as provided  
16 in this section, in biweekly payments of not more than ten  
17 percent of the face of the check until the debt is paid in  
18 full. Additionally, that during this repayment period the  
19 licensee may not transfer or sell the debt owing on the unpaid  
20 check and may not report on the account or borrower to any  
21 credit reporting agency, that the maker's failure to make any  
22 biweekly payment shall place the loan in default, and that the  
23 licensee may, after proper notice, exercise rights against the  
24 borrower for collection of the unpaid balance.  
25 Sec. 3. Section 533D.10, subsection 1, Code 2009, is  
26 amended by adding the following new paragraph:  
27 NEW PARAGRAPH. g. Initiate either civil court proceedings  
28 or arbitration to collect an unpaid check except as provided  
29 in section 533D.9 in the event of loan default after failure  
30 to make biweekly payments, or transfer or sell debt or report  
31 to a credit reporting agency during the biweekly payment  
32 period as specified in section 533D.9.

### EXPLANATION

1 34 This bill relates to specified aspects of the regulation of  
2 35 delayed deposit services businesses.

2 1 The bill lowers the amount of fees which may be charged by  
2 2 a delayed deposit service business licensee from the current  
2 3 level of \$15 on the first \$100 loaned and \$10 on subsequent  
2 4 \$100 increments loaned to \$7.50 and \$5, respectively.

2 5 The bill also provides that a licensee must disclose to the  
2 6 maker of a check that the licensee cannot initiate civil court  
2 7 proceedings or arbitration to collect an unpaid check unless  
2 8 they have provided the maker the opportunity to repay the  
2 9 obligation in biweekly payments of not more than 10 percent of  
2 10 the face of the check until the debt is paid in full. The  
2 11 bill adds that during the repayment period the licensee cannot  
2 12 transfer or sell the debt nor report to any credit reporting  
2 13 agency, and that the maker's failure to make the biweekly  
2 14 payment places the loan in default at which time, after  
2 15 notice, the licensee may proceed with collection efforts. The  
2 16 bill additionally makes the failure to conform with these  
2 17 provisions a prohibited act on the part of the licensee, which  
2 18 could subject the licensee to disciplinary action as specified

2 19 in Code section 533D.12.  
2 20 LSB 2326XC 83  
2 21 rn/nh/24